(2)

No. 03 1146 FEB 5 - 2004

In The

# Supreme Court of the United States

SKIPPY INCORPORATED,

*Petitioner,*

v.

LIPTON INVESTMENTS, INCORPORATED, *et al.*

*Respondents.*

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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## Appendix to Petition for Writ of Certiorari

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**UNPUBLISHED**

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

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**No. 03-1085**

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SKIPPY INCORPORATED,

Plaintiff - Appellant,

versus

LIPTON INVESTMENTS, INCORPORATED; BESTFOODS, INCORPORATED; WILLIAM M. WEBNER; STEPHEN M. TRATTNER,

Defendants - Appellees.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. James C. Cacheris, Senior District Judge. (CA-02-1571-A)

Submitted: August 29, 2003
Decided: September 12, 2003
[Entered: September 12, 2003]

Before WILKINSON, WIDENER, and WILLIAMS, Circuit Judges.

Affirmed by unpublished per curiam opinion.

Mary Helen Sears, M. H. SEARS LAW FIRM, Washington, D.C., for Appellant. Carol T. Stone, Camille Turner, JORDAN, COYNE & SAVITS, L.L.P., Fairfax, Virginia; W. Mack Webner, SUGHRUE MION, P.L.L.C., Washington, D.C., for Appellees.

Unpublished opinions are not binding precedent in this circuit. See Local Rule 36(c).

PER CURIAM:

Skippy Incorporated appeals the district court's order dismissing its complaint, among other reasons, for failure to state a claim upon which relief can be granted, pursuant to Fed. R. Civ. P. 12(b)(6). We have thoroughly reviewed the record and find no reversible error. Accordingly, we affirm for the reasons stated by the district court. See Skippy Inc. v. Lipton Investments, Inc., No. CA-02-1571-A (E.D. Va. Dec. 20, 2002). In light of our disposition, we deny as moot Appellees' motions for summary affirmance. We dispense with oral argument because the facts and legal contentions are adequately presented in the materials before the court and argument would not aid the decisional process.

AFFIRMED

**UNPUBLISHED**

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

**No. 03-1086**

SKIPPY INCORPORATED,

Plaintiff - Appellant,

versus

LIPTON INVESTMENTS, INCORPORATED,

Defendant - Appellee.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. James C. Cacheris, Senior District Judge. (CA-02-1227-A)

Submitted: August 29, 2003
Decided: September 12, 2003
[Entered: September 12, 2003]

Before WILKINSON, WIDENER, and WILLIAMS, Circuit Judges.

Affirmed by unpublished per curiam opinion.

Mary Helen Sears, M. H. SEARS LAW FIRM, Washington, D.C., for Appellant. William M. Webner, SUGHRUE MION, P.L.L.C., Washington, D.C., for Appellee.

Unpublished opinions are not binding precedent in this circuit. See Local Rule 36(c).

PER CURIAM:

Skippy Incorporated appeals the district court's order dismissing its complaint, among other reasons, for failure to state a claim upon which relief can be granted, pursuant to Fed. R. Civ. P. 12(b)(6). We have thoroughly reviewed the record and find no reversible error. Accordingly, we affirm for the reasons stated by the district court. See Skippy Inc. v. Lipton Investments, Inc., No. CA-02-1227-A (E.D. Va. Dec. 20, 2002). We dispense with oral argument because the facts and legal contentions are adequately presented in the materials before the court and argument would not aid the decisional process.

AFFIRMED

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

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| SKIPPY, INC., | ) | |
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| Plaintiff, | ) | |
| | ) | |
| v. | ) | Civil Action No. |
| | ) | 02-1227-A |
| LIPTON INVESTMENTS, INC., | ) | |
| | ) | |
| Defendant. | ) | |

**MEMORANDUM OPINION**

[Entered: December 20, 2002]

This case is before the Court on Defendant's Motion to Dismiss for failure to state a claim upon which relief can be granted, pursuant to Federal Rule of Civil Procedure 12(b)(6).

## I. Background

This case involves a Trademark Cancellation petition initiated by Plaintiff, Skippy, Inc. ("Plaintiff" or "SI"), seeking cancellation of Trademark Registration No. 504.940, which is currently held by Defendant Lipton Investments, Inc. ("Defendant" or "Lipton"). Registration No. 504,940 is for the mark "Skippy" for peanut butter. Plaintiff asserts in the cancellation petition that the Registration was

fraudulently procured and maintained. Specifically, Plaintiff alleges that Lipton's predecessor in interest, Rosefield Packing Co., failed to inform the Patent and Trademark Office (PTO) of the outcome of a controlling 1933 registration application and opposition proceeding.

On June 18, 2002, the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office (TTAB) dismissed the petition with prejudice on grounds of *res judicata* and failure to bring the claim as a compulsory counterclaim. Plaintiff now petitions this Court to consider the application on the merits, and asks this Court to declare Registration No. 504,940 void and award Plaintiff any other relief as may be proper.

## II. Standard of Review

Appeal from an action taken by the TTAB is in the Court of Appeals for the Federal Circuit. 15 U.S.C. § 1071(a). However, under the provisions of 15 U.S.C. § 1071(b)(1), in lieu of an appeal a party may bring a civil action in a district court. 15 U.S.C. 1071(b)(1). In that civil action, the "court may adjudge... that a registration should be canceled, or such other matter as the issue in the proceeding require, as the facts in the case may appear." Id.

In reviewing a case under 15 U.S.C. § 1071(b), the court sits in a dual capacity. On the one hand, the court is an appellate reviewer of facts found by the TTAB. On the other hand, the court is a fact-finder based on new evidence introduced to the court. Review of new evidence is de novo. 3 McCarthy, §

21:21. The district court, must, however, afford deference to the fact-findings of the TTAB. Id. In 1999, the Supreme Court held in Dickinson v. Zurko, 527 U.S. 150 (1999), that the proper standard of judicial review of findings of fact made by the PTO is the standard of the Administrative Procedure Act (APA), 5 U.S.C. § 706. Zurko, 527 U.S. at 165. Although Zurko involved the Federal Circuit's review of a decision of the PTO, the Court's holding also has been applied to findings of fact made by the TTAB. See, e.g., On-Line Careline v. America Online, Inc., 229 F.3d 1080, 1085 (Fed. Cir. 2000). Section 706 of the APA sets forth two separate standards of review: "arbitrary and capricious" and "unsupported by substantial evidence." 5 U.S.C. § 706(2)(A), (E). The Federal Circuit has concluded that, after Zurko, it will review TTAB findings of fact for substantial evidence. On-Line Careline, 229 F.3d at 1085. Accordingly, because the Fourth Circuit has not addressed the issue, this Court will review the TTAB's findings of fact under the substantial evidence standard. "Substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion." Consol. Edison Co. v. NLRB, 305 U.S. 197 (1938).

## III. Analysis

The TTAB found, and Defendants argue in this Court, that Plaintiff's Cancellation Petition is barred by *res judicata* and failure to assert the alleged fraudulent procurement as a compulsory counterclaim in earlier litigation. Furthermore, Defendants assert that

Plaintiff's claim is barred by the agreement executed in 1977, in which SI released Lipton's predecessor, CPC International, "from any and all claims which Skippy, Inc. may have had against [CPC] related to [CPC's] use of the name 'Skippy.'" Skippy, Inc. v. CPC Internat'l, 210 U.S.P.Q. 589, 592 (E.D. Va. 1980), aff'd in part, vacated in part, 216 U.S.P.Q. 1061 (4th Cir. 1982), cert. denied (1982) ("Skippy I").

In Skippy I, the Plaintiff pled fraud in the procurement of Registration No. 504,940, and both this court and the Circuit Court found that the Option Agreement released any such claims that SI had. Skippy I, 210 U.S.P.Q. at 593; 674 F.2d at 213-14. Plaintiff asserts, however, that the alleged fraud argued by Plaintiff's counsel in Skippy I is not the same fraud alleged in the Petition to Cancel and the current Complaint. Specifically, Plaintiff asserts that the fraud Plaintiff is currently asserting is evidenced by a 1954 memorandum written by E. F. Wenderoth, a patent lawyer who represented Defendant's predecessor. That memorandum details the 1933 proceedings in the TTAB, during which Defendant's predecessor, Rosefield, attempted to register the mark "Skippy" for peanut butter. Plaintiff opposed the registration, and Rosefield's application was denied on the basis of the "Name Clause" in the 1905 Trademark statute. Plaintiff asserts that the Court was not aware of the Wenderoth memorandum or its contents, and Plaintiff believes that had the court been so aware, a finding for Plaintiff would have been mandated in the 1980 litigation. However, Plaintiff has acknowledged that

the Wenderoth memorandum was presented to the Court in Skippy I as an exhibit to Plaintiff's pleadings. (02-1571 Compl. ¶24).[1]

The doctrine of *res judicata* bars a second suit involving the same parties or their privies based on the same cause of action, after a prior adjudication on the merits. Parklane Hosiery Co. v. Shore, 439 U.S. 322, 326 n. 5 (1979). *Res judicata* bars not only those claims that were raised and fully litigated, but also "prevents litigation of all grounds for, or defenses to, recovery that were previously available to the parties, regardless of whether they were asserted or determined in the prior proceeding." Brown v. Felsen, 442 U.S. 127, 131 (1979). Courts presume that litigants have "done [their] factual and legal homework" and raised all grounds arising out of the same facts in support of their claims. Peugeot Motors of Am., Inc. v. Eastern Auto Distribs., Inc., 892 F.2d 355, 359 (4th Cir. 1989) (citing Car Carriers, Inc. v. Ford Motor Co., 789 F.2d 589, 596 (7th Cir. 1986).

It is clear that Plaintiff's counsel was aware of the 1954 Wenderoth Memorandum at the time of Skippy I. Thus, Plaintiff's counsel could have raised the Memorandum in arguing fraudulent procurement of Registration 504,940 but did not. Accordingly,

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[1]In certain situations, the court may take judicial notice of public documents in related cases. Ellis v. Cates, 178 F.2d 791, 793 (4th Cir. 1949). The Court believes this is such a situation, especially where Plaintiff has represented in case number 02-1571 that it will seek consolidation of the two actions, and Plaintiff refers multiple times to the Complaint in 02-1571 in its own pleadings.

Plaintiff's current claim that Registration 504,940 was fraudulently obtained is barred by the *res judicata* effect of Skippy I.

Furthermore, Plaintiff's claim that Registration No. 504,940 was fraudulently obtained was required to be brought as a compulsory counterclaim in the TTAB opposition proceedings from 1982 to 1987, in which Defendant opposed Plaintiff's applications for trademarks on the basis of Registration No. 504, 940 (final decision published at CPC Internat'l v. Skippy, Inc., 3 U.S.P.Q. 2d 1456 (TTAB 1987)) and in the suit brought by Defendant in 1986 against Plaintiff for infringement of Registration No. 504,940 (final decision published at CPC Internat'l v. Skippy, Inc., 651 F. Supp. 62 (E.D. Va. 1986)).

Federal Rule of Civil Procedure 13(a) provides that:

> A pleading shall state as a counterclaim any claim which at the time of serving the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction.

Fed. R. Civ. P. 13(a). Plaintiff asserts that it knew the significance of the 1934 decision in 1984. (02-1571 Compl. ¶18). Thus, the claim was known to SI at the time it was served with the 1986 suit. In that suit,

Lipton's predecessor, CPC International, sued Plaintiff and its president, Tibbetts, for infringement of Registration No. 504,940. Plaintiff's assertion that the Registration was fraudulently obtained was a compulsory counterclaim under Rule 13(a). Accordingly, such claim is now waived, and Plaintiff is barred from bringing the current cancellation action.

Furthermore, Under Trademark Rule 2.106(2)(i),

> [a] defense attacking the validity of any one or more of the registrations pleaded in the opposition [504,940 in this case] shall be compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed.... If grounds for a counterclaim are learned during the course of the opposition proceedings, the counterclaim shall be pleaded promptly after the grounds therefore are learned.

37 C.F.R. § 2.106(2)(i). Plaintiff asserts that it became aware of the significance of the Wenderoth memorandum in 1984, at which time the 1982 opposition proceeding was still ongoing. Thus, Plaintiff was required to bring a counterclaim for rescission at that time under 37 C.F.R. § 2.106(2)(i).

Plaintiff asserts that the compulsory counterclaim provision should not be given effect because it is inconsistent with 15 U.S.C. 1064(3), which permits the filing of a petition to cancel "at any time" if the registration was obtained fraudulently, and

because of the important public interest in having fraudulently obtained trademarks removed from the register. As support for such a proposition, Plaintiff notes that the TTAB has held that the equitable defenses of estoppel and laches are not available in claims of fraud. See, e.g., Harjo v. Pro Football, Inc., 30 U.S.P.Q. 2d 1828, 1831 (TTAB 1994). This Court will not vacate a Rule propagated and enforced by the TTAB on the basis of a policy statement, arguably dicta, in a TTAB decision. Although there may certainly be a public interest in removing fraudulently obtained registrations from the register, there is also a strong public interest in adjudicating parties' rights to a mark in one proceeding. This Court does not find the TTAB's enforcement of the compulsory counterclaim Rule unduly "harsh," as Plaintiff asserts, where, as here, Plaintiff was aware of the alleged basis for a cancellation but chose not to bring those allegations for *18 years*. Accordingly, Plaintiff is barred from bringing the current cancellation proceeding based on its prior failure to assert such a claim in the 1986 trademark infringement litigation and 1982-87 opposition proceedings.

Finally, Defendant argues that Plaintiff is contractually barred from contesting the Registration, according to the provisions of a release signed by Plaintiff's president, Ms. Tibbetts, in 1977. Plaintiff asserts that that release is invalid, as it was fraudulently obtained.

In Skippy I, Plaintiff asserted that the release was fraudulently obtained. In that proceeding, the District Court found that "[Plaintiff's] claim that the

release was obtained by fraud or trickery lacks both evidentiary and legal support." Skippy I, 210 U.S.P.Q. at 593. The Fourth Circuit affirmed. Skippy, Inc., 674 F.2d at 213. Plaintiff asserts that giving the 1980 decision *res judicata* effect would be "the height of travesty," since Plaintiff alleges that it did not know the full substance and import of the 1934 decision at the time of Skippy I. However, as addressed above, Plaintiff's counsel was fully aware of the facts of the 1934 decision, and such information was submitted to the Court. The doctrine of *res judicata* bars all defenses and legal claims available to the party at the time of the litigation, no matter whether they were raised at that time. Brown, 442 U.S. at 131. Accordingly, the validity of the release has already been determined by the Court, and Plaintiff is now barred from relitigating that issue. Thus, Plaintiff's cancellation provision is barred by the terms of the 1977 release.

## IV. Conclusion

For the foregoing reasons, Defendant's motion to dismiss the Complaint will be granted. An appropriate Order will issue.

December 20, 2002
Alexandria, Virginia

/s/James C. Cacheris
UNITED STATES DISTRICT COURT JUDGE

FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

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| SKIPPY, INC., | ) | |
| | ) | |
| Plaintiff, | ) | |
| | ) | |
| v. | ) | Civil Action No. |
| | ) | 02-1227-A |
| LIPTON INVESTMENTS, INC., | ) | |
| | ) | |
| Defendant. | ) | |

**ORDER**

[Entered: December 20, 2002]

For the reasons stated in the accompanying Memorandum Opinion, it is hereby ORDERED that:

(1) Defendant's Motion to Dismiss is GRANTED; and

(2) the Clerk of the Court shall forward copies of this Order to all counsel of record.

December 20th, 2002
Alexandria, Virginia

/s/James C. Cacheris
UNITED STATES DISTRICT COURT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

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| SKIPPY, INC., | ) | |
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| | ) | 02-1571-A |
| LIPTON INVESTMENTS, INC., | ) | |
| ET AL., | ) | |
| | ) | |
| Defendants. | ) | |

**MEMORANDUM OPINION**

[Entered: December 20, 2002]

This case is before the Court on Defendants' Motions to Dismiss for failure to state a claim upon which relief can be granted, pursuant to Federal Rule of Civil Procedure 12(b)(6).

## I. Background

This case has a long and complicated history, which involves a substantial amount of litigation before both this court and the Patent and Trademark Office Trademark Trial and Appeal Board (TTAB). Plaintiff Skippy, Inc., ("Plaintiff" or "SI") has continually sought to establish its alleged property right in the name "Skippy." Defendant Lipton

Investments, Inc. ("Lipton") produces and markets peanut butter under the brand name "Skippy" and is the owner of Trademark Registration No. 504,940, which was issued in 1948 and registers the mark "Skippy" for peanut butter.[1] Defendant William Mack Webner ("Webner") represented Lipton's predecessor, CPC International, in a suit brought by Plaintiff in 1980 for trademark infringement and unfair competition regarding use of the name "Skippy." Defendant Stephen M. Trattner ("Trattner") represented Plaintiff in the 1980 suit.

A brief history of the on-going dispute follows. In 1933, Lipton's predecessor in interest, the Rosefield Brothers, applied for a federal trademark registration for the name "Skippy" for peanut butter. That registration was opposed by SI, which at that time held Trademark Registration No. 202,913 for the use of "Skippy" to refer to "cartoons featuring a humorous juvenile character." That Registration lapsed in 1945. The patent office sustained the opposition in 1934. In 1947, Rosefield filed an application for the registration of "Skippy" for its peanut butter under the new federal trademark statute of 1946. That Registration, Number 504,940, was granted in 1948 without opposition. In 1980, Trademark Registration No. 1,129,551 was issued to Plaintiff, covering the use of the mark "Skippy" to refer to a comic strip.

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[1]Plaintiff has also included Bestfoods, Inc., as a defendant. Bestfoods was acquired by CPC International, which was then in turn acquired by Conopco, Inc. On January 11, 2002, Lipton Investments, Inc. acquired Trademark Registration 504,940 from Conopco. Bestfoods no longer exists.

In 1980, Plaintiff filed a Complaint in this court against CPC International, Defendant Lipton's predecessor in interest, alleging trademark infringement and seeking cancellation of Registration No. 504,940. Skippy, Inc. v. CPC Internat'l, 210 U.S.P.Q. 589 (E.D. Va. 1980), aff'd in part, vacated in part, 216 U.S.P.Q. 1061 (4th Cir. 1982), cert. denied (1982) ("Skippy I" or the "1980 suit"). This court found in that proceeding that Plaintiff released the defendant from any and all claims which it may have had against the defendant relating to its use of the name "Skippy" in an agreement signed in December, 1997, and that any claim by Plaintiff that such a release "was obtained by fraud or trickery lack[ed] both evidentiary and legal support." Id. at 593. Accordingly, Plaintiff's claim for injunctive relief against the defendant's use of the name "Skippy" was denied. Id. at 594. Furthermore, the Court denied Plaintiff's prayer that the court order the Commissioner of Patents and Trademarks to cancel all registrations owned by defendant Id. The Fourth Circuit upheld both these actions by the district court.[2] Skippy, Inc. v. CPC Internat'l, 674 F.2d 209 (4th Cir. 1982).

In 1986, Lipton's predecessor, CPC Interational, Inc., brought a claim against SI for infringement of Registration No. 504,940. CPC Internat'l v. Skippy, Inc., 651 F. Supp. 62 (E.D. Va. 1986) ("Skippy II" or the "1986 suit"). As a result of that suit, the court enjoined Plaintiff and Plaintiff's president, Joan Crosby Tibbetts, from licensing or attempting to license the trademark

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[2]The Circuit Court overturned the District Court's holding that the defendant's registration of the "Skippy" mark was incontestable pursuant to 15 U.S.C. § 1115.

"Skippy" for food products and from making misrepresentations to third parties regarding CPC and SI's respective rights to the trademark "Skippy" for food products. Id. at 68. Although the injunction remains as to the licensing portion, the portion enjoining Plaintiff and Tibbetts from certain communication was struck down by the Fourth Circuit on June 2, 2000, as a violation of Plaintiff's right to free speech.

In 1982, Plaintiff filed two registration applications for the marks "Skippy" and "Skippy" with a design for promoting the sale of goods and/or services of others. Lipton's predecessor, CPC International, opposed the registrations on the basis of Registration No. 540,940. Id. In 1987, the TTAB refused registration of the marks. CPC Internat'l v. Skippy, Inc., 3 U.S.P.Q. 2d 1456 (TTAB 1987)

In May, 2001, Plaintiff filed a cancellation petition with the TTAB, seeking cancellation of Registration No. 504,940 for fraudulent procurement and maintenance under 15 U.S.C. § 1064(3). The TTAB denied the petition on the basis of *res judicata*, as the Board determined that the basis for the cancellation petition had already been tried and decided in the 1980 suit, Skippy, Inc. v. CPC Internat'l, 210 U.S.P.Q. 589 (E.D. Va. 1980), and Plaintiff had failed to assert such a claim in the registration proceeding that was decided in 1987, CPC Internat'l v. Skippy, Inc., 3 U.S.P.Q. 2d 1456 (TTAB 1987). On August 19, 2002, Plaintiff filed a Complaint in this Court for adjudication that the trademark cancellation petition was wrongfully

dismissed by the TTAB, pursuant to 15 U.S.C. 1071(b).[3] Civ. A. No. 02-1227.

On October 21, 2002, Plaintiff filed the Complaint in this suit, which seeks, "under the broad equity powers of this court, to set aside two previous judgments obtained through a continuing fraud upon the court, a new trial and other and further relief." (Compl. p. 1). Specifically, Plaintiff asserts that in the 1980 litigation, Lipton's predecessor, CPC International, Inc., and Webner, its attorney, with the complicity of Plaintiff's counsel, Trattner, fraudulently concealed from the Court the 1934 decision of the Patent Office that "necessarily and implicitly acknowledged Plaintiff's exclusive property right in its corporate name 'Skippy.'" (Compl. p. 3). Accordingly, Plaintiff seeks (I) judicial recall of the mandates in the 1980 case and the 1986 case and judicial vacation of the judgments entered in each; (II) rescission of the 1978 "Option Agreement" releasing Lipton from liability for then existing and prior "differences" relating to the name "Skippy"; (III) cancellation of Trademark Registration No. 504,940 and all other trademarks owned by Defendant Lipton that include the word "Skippy"; (IV) a permanent injunction against Lipton against the use of the name "Skippy" as a trademark or service mark for goods or services of any type or as the name of any company, organization, association, or group of any nature; (V) damages in the amount of profits received by Lipton as a result of their, and their related corporate predecessors', knowingly fraudulent, larcenous, and illegal use of Plaintiff's corporate name; and (VI) sanctions against Webner and Trattner for

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[3]Defendant's motion to dismiss in that case is pending.

their misconduct in deceiving the court and Plaintiff in the 1980 case and sanctions against Webner for maintaining and aggravating the deception of the court in the 1986 case and deceiving the Patent and Trademark Office (PTO) regarding Registration No. 504,940 and other marks.

Defendants filed the instant motions to dismiss for failure to state a claim upon which relief can be granted, pursuant to Federal Rule of Civil Procedure 12(b)(6).

## II. Standard of Review

A Rule 12(b)(6) motion to dismiss tests the legal sufficiency of the complaint, see Randall v. United States, 30 F.3d 518, 522 (4th Cir. 1994), and should be denied unless "it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." De Sole v. United States, 947 F.2d 1169, 1177 (4th Cir. 1991) (citations omitted); see also Conley v. Gibson, 355 U.S. 41, 45-46 (1957).

In passing on a motion to dismiss, "the material allegations of the complaint are taken as admitted." Jenkins v. McKeithen, 395 U.S. 411, 421 (1969) (citations omitted). Moreover, "the complaint is to be liberally construed in favor of plaintiff." Id. In addition, a motion to dismiss must be assessed in light of Rule 8's liberal pleading standards, which require only "a short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8.

## III. Analysis

Defendants assert that Plaintiff's Complaint should be dismissed because (i) the fraud alleged in the Complaint is time barred under Rule 60(b)(3); (ii) the fraud is not pled with particularity as required by Rule 9(b); (iii) the other allegations have previously been raised and decided by this Court such that they are now barred by *res judicata*; and (iv) the allegations should have been raised as compulsory counterclaims in previous suits and thus are now barred.

Count I:

In Count I of the Complaint, Plaintiff seeks judicial vacation of the judgments entered in the 1980 and 1986 cases, as Plaintiff alleges that such judgments were the result of Defendants' perpetration of a fraud on the court during the 1980 litigation. Defendants argue that Plaintiff's attempt to set aside the 1980 judgment of this Court is time-barred under Rule 60(b)(3). That Rule provides that a court may grant a party relief from a judgment for fraud, misrepresentation, or other misconduct of an adverse party. Fed. R. Civ. P. 60(b)(3). However, such motion must be brought within a reasonable time, and no more than one year after the judgment was entered. Fed. R. Civ. P. 60(b). Plaintiff does not appear to dispute that if Rule 60(b)(3) applies, the suit is time-barred, since Plaintiff has known about the alleged fraud since 1984. (Compl. ¶ 18). However, Plaintiff argues that its claim falls under the "Savings Clause" of Rule 60(b)(6), as Defendants committed a fraud on the Court.

In order for Plaintiff's claim for fraud to fall under Rule 60(b)(6) and not under Rule 60(b)(3), Plaintiff must allege a fraud on the court. Great Coastal Express, Inc. v. Internat'l Bhd. of Teamsters, Chauffeurs, Warehousemen & Helpers of Am., 675 F.2d 1349, 1356 (4th Cir. 1982). Otherwise, Rule 60(b)(6) would swallow the other provisions of the Rule and render the one year time limit for Rule 60(b)(3) meaningless. Id. Fraud on the court is the most egregious type of fraud, and covers fraud directed to the judicial machinery such that the court cannot perform its impartial task of adjudging cases. Bright v. Norshipco, 187 F.R.D. 536, 540 (E.D. Va. 1998). Examples of such fraud include bribery of the judge or a juror or other exertion of improper influence over the court. Id. The concept of fraud on the court must be construed narrowly, otherwise it subsumes the fraud set forth in Rule 60(b)(3). Great Coastal Express, 675 F.2d at 1356.

Plaintiff alleges that Defendants committed a fraud on the court by not highlighting the 1934 successful opposition and the grounds for the decision during the 1980 litigation. Plaintiff further asserts that had the Court been made aware of the 1934 decision and that it was decided under the "Name Clause" of the Trademark Act of 1905, the Court would have been required to find for the Plaintiff. Even taking Plaintiff's allegations as true, as the Court must at this stage in the proceedings, Plaintiff has failed to allege a fraud on the Court.

Both the District and Circuit Courts mentioned the 1934 decision in their opinions in Skippy I, illustrating that the courts were aware of its existence. 210 U.S.P.Q. at 591; 674 F.2d at 212. Furthermore, an attorney's due diligence letter from 1954, describing in detail the patent office file regarding the 1934 decision and indicating that SI had prevailed in that action based on the "Name Clause" of the 1905 Trademark Act, was included as Plaintiff's Exhibit 703 in the 1980 litigation. (Compl. ¶ 24). Plaintiff asserts that counsel did not bring this exhibit to the Court's attention and did not argue the "Name Clause" as Plaintiff believes he should have. At most, Plaintiff has alleged a mistake by its attorney in 1980. However, a mistake made by Plaintiff's attorney "generally is not cognizable under Rule 60(b). The Supreme Court has stated that 'keeping [a] suit alive merely because Plaintiff should not be penalized for the omission of his own attorney would be visiting the sins of Plaintiff's lawyer upon the Defendant.'" Bright, 187 F.R.D. at 540 (citing Lloyd v. Carnation Co., 101 F.R.D. 346, 348 (M.D.N.C. 1984) (citing Cline v. Hoogland, 518 F.2d 776, 778 (8th Cir. 1975); Link v. Wabash R.R. Co., 370 U.S. 626, 634 n. 10 (1962))).

The fraud alleged in this case is largely similar to that alleged in Bright, where the plaintiff argued that an order should be vacated because both his counsel and defendants misled the court to the conclusion that Plaintiff was subject to a collective bargaining agreement. Id. In that case, the court found that Plaintiff had not made out a fraud on the court as Plaintiff "merely disagree[d] with the testimony presented to the Court and the conclusion reached by

the Court." Id. Similarly, Plaintiff here has failed to show any fraud on the Court.

Plaintiff admits that the substance of the 1934 decision was submitted to the court in 1980 (in exhibit 703), but argues that counsel should have argued it more forcefully and that the Court's conclusion that the 1933 action only applied to the ability of Lipton's predecessor to register the name "Skippy," not to any use of the name "Skippy," was erroneous. (Compl. ¶ 17). Disagreement with counsel's theory of the case and conclusions by the court do not, however, form a basis for a claim under Rule 60(b)(6), and thus Plaintiff's claim is best classified as a claim under Rule 60(b)(3), general fraud. Accordingly, Plaintiff's fraud allegations are time-barred as falling well outside the one year time period.

Even assuming, arguendo, that Plaintiff has alleged a fraud on the court, such a claim would still be time-barred. Although claims under Rule 60(b)(6) are not required to be brought within one year, the motion must still be made "within a reasonable time period." Fed. R. Civ. P. 60(b). The reasonableness of a party's delay in bringing an action is "generally determined from the time movant discovered or reasonably should have discovered ground for the Rule 60(b) motion." Jones v. City of Richmond, 106 F.R.D. 485, 487 n. 2 (E.D. Va. 1985) (citing Werner v. Carbo, 731 F.2d 204, 207 (4th Cir. 1979)). Plaintiff knew about the alleged significance of the 1934 decision in 1984 (Compl. ¶18), but did not bring a Rule 60(b) action until 2002, 18 years later. The Court does not find an 18 year delay to be reasonable, especially as the parties were involved

in litigation involving the same issues in this Court in 1986 and in the TTAB from 1982 through 1987. Courts have held that delays of mere months in bringing a Rule 60(b) were not reasonable. See, e.g., Jones, 106 F.R.D. at 490 (delay of three months unreasonable); Central Operating Co. v. Utility Workers, 491 F.2d 245, 252 (4th Cir. 1974) (delay of four months unreasonable); Consolidated Masonry & Fireproofing, Inc. v. Wagman Construction Co., 383 F.2d 249, 251 (4th Cir. 1967) (delay of two and one-half months unreasonable). Accordingly, Plaintiff's motion to vacate the 1980 order is time-barred.

Plaintiff also seeks vacation of this court's 1986 judgment, which was based on the *res judicata* effect of the court's 1980 judgment. (Compl. ¶153). Given that Plaintiff's motion to vacate the 1980 judgment is time-barred, there is no basis upon which to vacate the 1986 judgment. Accordingly, Count I of Plaintiff's Complaint will be dismissed in its entirety.

Because Plaintiff's fraud claims are time-barred, the Court need not address whether Plaintiff pled the fraud with particularity as required by Rule 9(b).

Count II:

In Count II of the Complaint, Plaintiff seeks rescission of the 1978 "Option Agreement" on the grounds that it was unfairly and fraudulently obtained. (Compl. ¶155). Defendants assert that the validity of the option agreement was already fully litigated in the 1980 litigation, and therefore such claim is barred by *res judicata*. In Plaintiff's Opposition, Plaintiff

acknowledges that the Option Agreement and release clause contained therein were held binding by this court and the Fourth Circuit in the 1980 litigation. (Pltf. Opp. p. 5). Plaintiff asserts, however, that information regarding the significance of the 1934 decision was not presented to the Court in 1980, and that such information provides further support for the proposition that the Agreement and release were coerced.

The doctrine of *res judicata* bars a second suit involving the same parties of their privies bases on the same cause of action, after a prior adjudication on the merits. Parklane Hosiery Co. v. Shore, 439 U.S. 322, 326 n. 5 (1979). In Skippy I, a suit between SI and CPC International, Lipton's predecessor in interest, the District Court found that "[Plaintiff's] claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support." Skippy I, 210 U.S.P.Q. at 593. *Res judicata* bars not only those claims that were raised and fully litigated, but also "prevents litigation of all grounds for, or defenses to, recovery that were previously available to the parties, regardless of whether they were asserted or determined in the prior proceeding." Brown v. Felsen, 442 U.S. 127, 131 (1979). Courts presume that litigants have "done [their] factual and legal homework" and raised all grounds arising out of the same facts in support of their claims. Peugeot Motors of Am., Inc. v. Eastern Auto Distribs., Inc., 892 F.2d 355, 359 (4th Cir. 1989) (citing Car Carriers, Inc. v. Ford Motor Co., 789 F.2d 589, 596 (7th Cir. 1986)).

Plaintiff asserts that it did not become aware of the significance of the 1934 decision until 1984. (Compl. ¶18). However, Plaintiff's counsel was aware of the decision during the 1980 litigation, and even included a memorandum detailing the basis for the decision as an Exhibit to the court. (Compl. ¶24). Thus, Plaintiff's counsel could have raised the 1934 decision when arguing the fraudulent inducement of the release in 1980, but did not. Accordingly, Plaintiff's current claim for rescission of the 1977 release is barred by *res judicata*.

Count III:

In Count III of the Complaint, Plaintiff seeks cancellation of Trademark Registration 504, 940 and all other trademarks owned by Lipton that include the word "Skippy." The basis for Plaintiff's claim is that Registration 504,940 was procured by the filing of a fraudulent application in the Patent and Trademark Office which contained a false statement of ownership of the "Skippy" name. Plaintiff filed a cancellation petition for Registration No. 504,940 in 2001, and has another suit pending before this Court in which Plaintiff seeks review of the TTAB denial of that petition. Civ. A. No. 02-1227.

In the 1980 suit, Plaintiff pled fraud in the procurement of Registration No. 504,940, and both this court and the Circuit Court found that the Option Agreement released any such claims that SI had. Skippy I, 210 U.S.P.Q. at 593; 674 F.2d at 213-14. As discussed above, the validity of the release in the Option Agreement and its effect on Plaintiff's claim for

fraudulent procurement of Registration No. 504,940 were fully litigated in the 1980 case. Id. Accordingly, Plaintiff's claim is barred by *res judicata*.

Furthermore, even if *res judicata* were inapplicable, Plaintiff's claim that Registration No. 504,940 was fraudulently obtained was required to be brought as a compulsory counterclaim in the 1986 suit under Federal Rule of Civil Procedure 13(a). That Rule provides that:

> A pleading shall state as a counterclaim any claim which at the time of serving the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction.

Fed. R. Civ. P. 13(a). Plaintiff asserts that it knew the significance of the 1934 decision in 1984. (Compl. ¶18). Thus, the claim was known to SI at the time it was served with the 1986 suit. In that suit, Lipton's predecessor, CPC International, sued Plaintiff and its president, Tibbetts, for infringement of Registration No. 504,940. Plaintiff's assertion that the Registration was fraudulently obtained was a compulsory counterclaim under Rule 13(a). Accordingly, such claim is now waived, and Plaintiff is barred from bringing a claim for cancellation in this action.

Count IV:

In Count IV of the Complaint, Plaintiff asks for a permanent injunction against Lipton's use of the name "Skippy" as a trademark or service mark for good or services of any type or as the name of any company, organization, association, or group of any nature. (Compl. ¶162). The basis for such a request, however, is not clear. The Court will assume that the basis for the injunction is the alleged fraudulent procurement of Registration No. 504,940 by Lipton (as can be inferred from reading the Complaint in its entirety). As discussed above, Plaintiff's claim for cancellation of that Registration is barred. Accordingly, it cannot be the basis for injunctive relief.

Count V:

In Count V of the Complaint, Plaintiff seeks damages in the amount of profits received by Lipton "as a result of their, and their related corporate predecessors', knowingly fraudulent, larcenous, and illegal use of Plaintiff's corporate name," as provided under 15 U.S.C. § 1120. That Section states that

> any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

15 U.S.C. § 1120. In order to receive damages under that Section, Plaintiff must prove Registration No. 504, 940 was fraudulently procured. As discussed in detail above, any such claim by Plaintiff is barred by *res judicata*, as Plaintiff brought a counterclaim alleging fraudulent procurement of the Registration in the 1980 suit, and although 15 U.S.C. § 1120 was not specifically invoked, *res judicata* bars all claims arising out of the same factual basis, whether or not they were raised in the prior proceeding. Peugeot Motors of Am., 892 F.2d at 359. Accordingly, Plaintiff's claim for damages under 15 U.S.C. § 1120 is now barred.

Count VI:

In Count VI of the Complaint, Plaintiff seeks sanctions against Defendants Trattner and Webner, in the amount of no less than $500,000 and $750,000, respectively, for their alleged perpetration of a fraud on the court during the 1980 litigation and beyond. Plaintiff admits that it was waived any claim for professional misconduct or negligence that it may have once had against Trattner. (Compl. ¶7, 169). Instead, the basis of Plaintiff's claim for sanctions is 28 U.S.C. § 1927 and the "inherent powers of the federal courts." (Compl. ¶ 169).

28 U.S.C. § 1927 provides, in pertinent part:

> any attorney who so multiplies the proceedings in a case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

28 U.S.C. § 1927. Plaintiff has not alleged that any action taken by Trattner or Webner in any way resulted in a multiplication of the proceedings or any extra costs or fees incurring to Plaintiff. Furthermore, Plaintiff does not tie the $500,000 and $750,000 figures to any excess fees or costs, as required by the statute. Accordingly, Plaintiff has failed to state a claim under 28 U.S.C. § 1927.

Therefore, if the Court is to award any sanctions, it must do so using its inherent equitable powers. Sanctions under a court's inherent powers are in the discretion of the trial court, and must be "exercised with the greatest restraint and caution, and then only to the extent necessary." United States v. Shaffer Equipment Co., 11 F.3d 450, 461 (4th Cir. 1993). In this case, Plaintiff knew about the alleged misconduct of attorneys Trattner and Webner in 1984. (Compl. ¶18.) Plaintiff did not, however, assert any claim for sanctions until now, over 18 years after Plaintiff was fully aware of the nature and substance of its potential claim. The court finds Plaintiff's delay especially inexcusable given the parties' repeated litigation over the years, providing Plaintiff many opportunities to bring such a claim.

Because Plaintiff seeks relief under the Court's inherent equitable powers, equitable doctrines such as laches apply. The decision to apply the doctrine is soundly in the Court's discretion, and will be reviewed only for an abuse of that discretion. See Skippy, Inc. v. CPC Int'l, Inc., 674 F.2d 209, 212 (4th Cir. 1982). In this case, the Court finds Plaintiff's delay of 18 years unreasonable, particularly, as noted above, in light of

the substantial opportunity Plaintiff had to ask for such relief in earlier proceedings. Accordingly, the Court will dismiss Plaintiff's claim for sanctions.

## IV. Conclusion

For the foregoing reasons, Defendants' Motion to Dismiss will be granted. An appropriate Order will issue.

December 20th, 2002
Alexandria, Virginia

/s/James C. Cacheris
UNITED STATES DISTRICT COURT JUDGE

FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

| | | |
|---|---|---|
| SKIPPY, INC., | ) | |
| | ) | |
| Plaintiff, | ) | |
| | ) | |
| v. | ) | Civil Action No. |
| | ) | 02-1571-A |
| LIPTON INVESTMENTS, INC., ET AL., | ) | |
| | ) | |
| | ) | |
| Defendants. | ) | |

**ORDER**

[Entered: December 20, 2002]

For the reasons stated in the accompanying Memorandum Opinion, it is hereby ORDERED that:

(1) Defendant's Motion to Dismiss is GRANTED; and

(2) the Clerk of the Court shall forward copies of this Order to all counsel of record.

December 20th, 2002
Alexandria, Virginia

/s/James C. Cacheris
UNITED STATES DISTRICT COURT JUDGE

**UNITED STATES PATENT AND TRADEMARK OFFICE**
**TRADEMARK TRIAL AND APPEAL BOARD**
**2900 Crystal Drive**
**Arlington, Virginia 22202-3513**

**Cancellation No. 32,070**

**SKIPPY, INC.**

**v.**

**CPC INTERNATIONAL INC.[1]**

**Mailed: June 18, 2002**
**[Entered: June 18, 2002]**

**Wolfson**

Before Simms, Cissel and Rogers, Administrative Trademark Judges.

By the Board:

Petitioner, Skippy, Inc., is the successor in interest to Percy Crosby, creator of the "Skippy" cartoon character, a humorous, juvenile character that appeared in a syndicated cartoon comic strip from about 1923 to 1945. Petitioner holds registrations for

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[1]The Board instituted this case with Bestfoods as respondent; however, Bestfoods has merged with and into CPC International Inc. Change of name recorded with the U.S. Patent and Trademark Office at Reel No. 1822, Frame No. 0867.

the mark SKIPPY for "publication-namely, a cartoon comic strip"[2] and for "dolls based on a cartoon character."[3]

On May 7, 2001, petitioner filed a petition to cancel respondent's registration for the mark SKIPPY for "peanut butter"[4] on the ground of fraudulent procurement and maintenance of the registration, claiming that respondent's predecessor-in-interest, Rosefield Packing Co., Ltd., failed to inform the U.S. Patent and Trademark Office of the outcome of Opposition No. 13,134 (discussed more fully *infra*) at the time it applied for the registration in 1947, and later falsified the affidavit it filed under Section 15 of the Trademark Act (15 U.S.C. §1065) in support of the registration, in 1954.[5]

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[2]Registration No. 1,129,551, issued January 22, 1980; affidavit Section 8 accepted; affidavit Section 15 received; renewed.

[3]Registration No. 2,163,389, issued June 9, 1998.

[4]Registration No. 504,940, issued December 21, 1948, to Rosefield Packing Co., Ltd.; affidavit Section 8 accepted; affidavit Section 15 received; renewed; record title in CPC International Inc.

[5]Petitioner filed the petition to cancel on May 7, 2001, and amended the petition on May 10, 2001. Petitioner thereafter, on May 14, 2001, further amended the petition without either seeking prior leave of the Board or showing respondent's written consent to the amendment. Accordingly, petitioner's May 14, 2001 amendment is denied. See Fed. R. Civ. P. 15(a); Trademark Rule 2.115; and TEMP §507.

In lieu of filing an answer, respondent filed a motion to dismiss the petition to cancel.[6] Petitioner filed a response in opposition to the motion, and respondent filed a reply brief, which we have considered.[7]

In support of its motion to dismiss, respondent contends that in 1986, it filed oppositions (which were consolidated) against two trademark applications filed by petitioner for the mark SKIPPY for "promoting the sale of goods and/or services of others by rendering assistance in devising advertising and merchandising programs";[8] that the oppositions were based on respondent's trademark Registration No. 504,940; that petitioner had moved for leave to amend its answer to assert a counterclaim to cancel the registration during the consolidated opposition proceeding, but that

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[6]The motion was timely filed on September 10, 2001 in accordance with the date set for answer in the Board's August 10, 2001 institution order.

[7]The Board may, in its discretion, consider a reply brief. However, no further papers in support of or in opposition to a motion will be considered by the Board. See Trademark Rule 2.127(a). Petitioner's surreply and respondent's sur-surreply have accordingly been given no consideration. The parties are advised that the filing of such papers accomplishes no more than a waste of their own resources and those of the Board. See *No Fear Inc. v. Ruede D. Rule*, 54 USPQ2d 1551, 1553 (TTAB 2000).

[8]Opposition No. 65,712 to trademark application Serial No. 206,445; Opposition No. 65,713 to trademark application Serial No. 207,476.

petitioner's motion was denied as untimely; and that respondent's consolidated oppositions were sustained.[9] Therefore, respondent argues, petitioner is barred under the doctrine of *res judicata* from now seeking to cancel the same registration that it was unable to cancel by way of a counterclaim in 1986.[10]

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[9]The final decision sustaining the consolidated oppositions was published at *CPC International Inc. v. Skippy, Inc.*, 3 USPQ2d 1456 (TTAB 1987).

[10]On the closing date of CPC International's rebuttal testimony period in the consolidated oppositions (April 10, 1986), Skippy Inc. filed (a) an "amended answer and counterclaim" and (b) a separate petition to cancel two of CPC's registrations (Registration No. 504,940, which had been pleaded, and Registration No. 1,248,537, for the mark SKIPPY CREAMY PEANUT BUTTER and Design for "peanut butter, " which had not been pleaded). The Board allowed Skippy Inc.'s petition to cancel the non-pleaded registration as a separate petition (which Skippy Inc. subsequently withdrew), but denied both its compulsory counterclaim and its separately-filed petition to cancel Registration No. 504,940. In doing so, the Board expressed its view that "A petition for cancellation of opposer's pleaded Registration No. 504,940 is a compulsory counterclaim under Rule 2.114(b)(2)(i), and applicant is not free to file a separate such cancellation petition." *CPC International Inc. v. Skippy, Inc., Opp. Nos. 65,712/65,713, Board order dated May 29, 1986, p. 4 (emphasis added).* Board refunded Skippy, Inc. the filing fee for having filed its separate petition to cancel Registration No. 504,940.

Petitioner responds to the motion to dismiss by contending that it is the decision in Opposition No. 13,134[11] that governs the outcome in this case; that applicant therein (respondent's predecessor-in-interest) had applied to register SKIPPY for peanut butter in 1933, but was successfully opposed by petitioner; and the opposition was sustained.[12] Petitioner argues that respondent committed fraud when respondent's predecessor failed to reveal the decision in Opposition No. 13,134 to the U.S. Patent and Trademark Office at the time it applied for the mark in 1947 and at the time it filed the Section 15 affidavit in 1954.

Petitioner's arguments, however, are barred by the *res judicata* effect of the 1986 Board decision wherein petitioner unsuccessfully sought to assert a counterclaim to cancel respondent's registration. A defense attacking the validity of a registration pleaded in an opposition is a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. See Trademark Rule 2.106(2)(i); and TBMP §318.02. Petitioner was required to raise any invalidity claims it may have had against Registration No. 504,940 in a timely manner in the consolidated

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[11]*Skippy, Inc. v. Rosefield Packing Co., Ltd.*, Opposition No. 13,134, filed September 6, 1933; opposition sustained January 9, 1934. The opposition file for this proceeding was apparently destroyed sometime around 1965.

[12]The opposition had been based on the "Name Clause" of the 1905 Trademark Act. While the "Name Clause" is no longer a part of the Trademark Act, our decision herein would be the same regardless of the basis upon which Opposition No. 13,134 had been sustained.

opposition proceedings. Petitioner did not do so.[13] If any grounds existed for attacking the validity of Registration No. 504,940 in 1986 (and we do not intend to imply that they did), the opportunity for raising such grounds has long since been exhausted.

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[13]Moreover, the decision in Opposition No. 13,134 has been of public record since it issued in 1934, and petitioner's attempt (on April 10, 1986) to cancel Registration No. 504,940 was based on the same information that petitioner is attempting to present in this case. Petitioner's claim that new evidence has been discovered that was not previously considered by a court or the Board, is not well-taken.

The "new" evidence consists of a 1954 memo by a trademark lawyer that describes the contents of Opposition No. 13,134, and a 1954 letter by another lawyer for respondent that advises respondent that Opposition No. 13,134 is not mentioned in a title report. Neither document changes the outcome of the decision herein. The trademark lawyer's memo would likely be considered hearsay as to the contents of the opposition file; in addition, whether judgment was reached in Opposition No. 13,134 after a decision on the merits or upon default is irrelevant to the question of whether the result is claim preclusive of our decision herein. *See Chromalloy American Corporation v. Kenneth Gordon (New Orleans, Ltd.)*, 736 F.2d 694, 222 USPQ 187 (Fed. Cir. 1984); *Mother's Restaurant Incorporated v. Mama's Pizza Inc.*, 723 F.2d 1566, 221 USPQ 294 (Fed. Cir. 1983). Moreover, the decision by the attorney who prepared the due diligence report (apparently prepared at the time of an assignment) not to mention the opposition has little relevance to whether a Section 15 affidavit filed at a different time would be fraudulent; nor has petitioner shown that but for this decision, knowledge of the opposition would have led to the affidavit either not having been filed or not having been acknowledged by the Patent and Trademark Office.

Accordingly, respondent's motion to dismiss is granted; and the petition for cancellation of Registration No. 504,940 is dismissed with prejudice.[14]

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[14]Petitioner's present petition is also barred by *res judicata* based on court decisions issued in 1980 and 1986. In *Skippy, Inc. v. CPC International, Inc.*, 210 USPQ 589, (E.D. Va. 1980); aff'd in part at 674 F.2d 209, 216 USPQ 1061 (4th Cir. 1982), the court denied petitioner's prayer "that this Court enter an order directing the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned [by respondent], "*Id.*, at 210 USPQ 594, commenting that CPC International "has spent millions to advertise and promote their 'Skippy' peanut butter. To require them to adopt a new name for their peanut butter after 47 years of uninterrupted use would be grossly unfair." *Ibid.*

In *CPC International Inc. v. Skippy, Inc., et al.*, 651 F. Supp. 62, 231 USPQ 811 (E.D. Va. 1986), the court permanently enjoined Skippy, Inc. and Joan Crosby Tibbetts personally from "communicating in any manner with anyone... that CPC does not have rights to the trademark SKIPPY for food products." *Id.*, at 651 F. Supp. 65. Petitioner's attempt herein to cancel respondent's registration is barred by the earlier court decisions.

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 03-1085
CA-02-1571-A

SKIPPY INCORPORATED
Plaintiff - Appellant

v.

LIPTON INVESTMENTS, INCORPORATED; BESTFOODS, INCORPORATED; WILLIAM M. WEBNER; STEPHEN M. TRATTNER
Defendants - Appellees

Filed: November 7, 2003
[Entered: November 7, 2003]

On Petition for Rehearing and Rehearing En Banc

The appellant's petition for rehearing and rehearing en banc was submitted to this Court. As no member of this Court or the panel requested a poll on the petition for rehearing en banc, and

As the panel considered the petition for rehearing and is of the opinion that it should be denied,

IT IS ORDERED that the petition for rehearing and rehearing en banc is denied.

Entered for a panel comprised of Judge Wilkinson, Judge Widener, and Judge Williams.

For the Court,

/s/Patricia S. Connor
CLERK

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 03-1086
CA-02-1227-A

SKIPPY INCORPORATED
Plaintiff - Appellant

v.

LIPTON INVESTMENTS, INCORPORATED
Defendant - Appellee

Filed: November 7, 2003
[Entered: November 7, 2003]

On Petition for Rehearing and Rehearing En Banc

The appellant's petition for rehearing and rehearing en banc was submitted to this Court. As no member of this Court or the panel requested a poll on the petition for rehearing en banc, and

As the panel considered the petition for rehearing and is of the opinion that it should be denied,

IT IS ORDERED that the petition for rehearing and rehearing en banc is denied.

Entered for a panel comprised of Judge Wilkinson, Judge Widener, and Judge Williams.

For the Court,

/s/Patricia S. Connor
CLERK

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 81-1043(L)
(CA-80-250-A)

SKIPPY INCORPORATED,
Plaintiff - Appellant,

versus

LIPTON INVESTMENTS, INCORPORATED,
formerly known as CPC International, Incorporated,
Defendant - Appellee.

Filed: December 22, 2003
[Entered: December 22, 2003]

ORDER

Appellant has filed a motion to recall the mandate. Appellee has filed a response in opposition to the motion and appellant has filed a reply in support of the motion.

The Court denies the motion.

Entered at the direction of Judge Wilkinson with the concurrence of Judge Widener and Judge Williams.

For the Court

/s/Patricia S. Connor
Clerk

CPC International Inc.
v.
Skippy Inc.

Patent and Trademark Office Trademark Trial and Appeal Board

Decided May 28, 1987

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR COMPETITION

[1] Conflicts between marks (infringement) - Likelihood of confusion - Relatedness of goods - Goods similar (§ 335.0305.05)

Confusion is inevitable from contemporaneous use of opposer's registered mark "Skippy" for peanut butter and applicant's "Skippy" and "Skippy" and design for promoting goods and services of others, since applicant's services are broad enough to encompass merchandising of peanut butter, and since opposer has licensed its peanut butter mark for collateral products.

TRADEMARKS AND UNFAIR COMPETITION

[2] Acquisition, assignment, and maintenance of marks - Acquisition through use - In general (§ 305.0501)

Practice and procedure in Patent and Trademark Office - Opposition and cancellation - In general (§ 325.0305.03)

Applications for registration filed by applicant whose marks were not in use on indicated services as of filing dates of applications, and whose specimens of record do not demonstrate any such use on or prior to filing date, are void.

*1457 Trademark oppositions No. 65,712, to application Serial No. 206,445 and No. 65,713, to application Serial No. 207,476. Oppositions sustained.

W. Mack Webner, and Nies, Webner, Kurz & Bergert, both of Arlington, Va., and Phillips M. Regnault, Englewood Cliffs, N.J., for CPC International Inc.

Skippy Inc., pro se.

Before Allen, Rooney and Cissel, Members.

Allen, Member.

Applications have been filed by Skippy, Inc. to register the marks SKIPPY [FNI] and SKIPPY and design, [FN2] both for promoting the sale of goods and/or services of others by rendering assistance in devising advertising and merchandising programs. Applicant recites a date of first use and first use in commerce of December 9, 1925 in both applications.

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Registration of both applications has been opposed [FN3] by CPC International, Inc. on the grounds that opposer and its predecessors have used the mark SKIPPY in connection with food products since on or before February 1, 1933; that opposer is the owner of Registration No. 504,940 for SKIPPY for peanut butter; [FN4] that opposer's use and that of its licensees and the promotion of the mark has been so extensive that its mark has come to be associated with opposer for a wide variety of goods and services; that the services listed in applicant's applications are so broad as to encompass the sale of peanut butter or other food products and/or the advertising and merchandising of peanut butter and other food products or merchandise used in the promotion of peanut butter and other food products; that applicant's marks SKIPPY and SKIPPY and design when applied to or used for applicant's services so resembles the mark SKIPPY previously registered by opposer for peanut butter as to be likely to cause confusion, mistake or to deceive; that applicant's applications are fraudulent because the specimens submitted do not describe the services claimed in the application and because applicant does not offer the services set forth in the applications and did not offer such services at the time of filing of its applications; that the applications are fraudulent because the alleged date of first use in 1925 was not for the services described in the applications; that applicant's use of the mark SKIPPY for any purpose ceased in 1945 and any use thereafter has been so sporadic and nominal as not to constitute trademark or service mark use and all rights

applicant or its predecessors had in the marks have been abandoned; that applicant's use of it's mark SKIPPY falsely suggests a connection with opposer and its mark SKIPPY; that applicant is not now the owner of the mark sought to be registered and has not now, and never has had extensive use thereof in respect of the services claimed. In its answers, applicant denied the salient allegations of the oppositions.

*1458 The record consists of files of the opposed applications; opposer's registration of SKIPPY for peanut butter; [FN5] trial testimony on behalf of opposer, including exhibits; portions of discovery depositions of Joan Tibbetts, president of applicant [FN6] and various documents relevant thereto, introduced by opposer with its notice of reliance filed November 29, 1985. Applicant took no testimony and introduced no evidence. Only opposer filed a brief. [FN 7] Both parties participated in an oral argument of the issues at a hearing held for this purpose. [FN 8]

Opposer is an international corporation which manufactures, distributes and sells, inter alia, branded consumer grocery products. Among its brands are HELLMANN'S for mayonnaise, MAZOLA for corn oil, KNORR for soups and sauces, KARO for syrup, THOMAS' for breads and muffins, MUELLER'S for pasta products and the mark here relied on, SKIPPY for peanut butter.

CPC and its predecessors in interest have sold SKIPPY brand peanut butter since at least as early as February 1, 1933 and the mark has been used continuously for that product since that date. Annual

sales of SKIPPY peanut butter over the last 28 years have increased from approximately 28 million dollars to approximately 150 million dollars. The brand is advertised in magazines, on television and at the points of its sale. The SKIPPY mark is also promoted by price-off offers to consumers and to the trade; offers of collateral "premium" products such as athletic equipment, picnic coolers and telescopes; "tie-ins" with good deeds programs, by sending recipes for peanut butter products to food editors of newspapers and magazines; and tie-in promotions with other corporations and their product or service. Opposer has spent, annually, from over two million dollars in 1958, increasingly, to approximately seventeen million dollars in 1985 for advertising and promoting its SKIPPY brand products.

From time to time, opposer has licensed the use of its SKIPPY mark for use on various products, e.g. clothing, plastic drinking cups, and greeting cards. Additionally, opposer has distributed promotional items bearing the SKIPPY mark as premiums. These items include book bags, banks and Rockwell prints.

Absent any evidentiary showing by applicant, the only factual information about Skippy, Inc. comes from the discovery deposition testimony put in by opposer and that derived from the findings of the court in the civil litigation in 1980 between the parties reported as Skippy, Inc. v. CPC International Inc., 210 USPQ 589 (E.D. Va. 1980), aff'd in part, vacated in part, 216 USPQ 1061 (4th Cir. 1982), cert. denied (1982).

Skippy, Inc. was founded by Percy Crosby, a cartoonist who had a popular cartoon strip in the 1930's. The cartoon ceased syndication in 1945 and in the same year, Crosby's registration of SKIPPY for "cartoons depicting a humorous juvenile character" expired for failure of its renewal. Crosby was committed as an incompetent in 1949 and died in 1964. Except for a license to a doll company for a limited edition doll, and some pencils distributed as promotional items, little was done by Skippy, Inc. to exploit the cartoon character or name from 1945 to 1980 when the mark SKIPPY was reregistered for the cartoon title. In fact, the record here makes clear that applicant has been inactive from 1947 through 1969 with the exception that it obtained revenue in 1965 from the proceeds of a life insurance policy on Percy Crosby's life, and in 1978 when opposer paid Skippy, Inc. for an agreement which included an option to use the cartoon artwork of Mr. Crosby. Thus, Skippy, Inc. has no employees, has never advertised and has never even had a telephone listing under its corporate name.

The two opposed applications were filed based on the alleged use by Skippy, Inc. of the marks SKIPPY and SKIPPY and Design on blank stationary showing the letterhead depicted (in reduced size) below and a news release of World Wide Licensing and Merchandising Corporation, 29 East *1459 21st Street, New York, N.Y., 10010, depicting the same mark and the following copy.

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SKIPPY is alive and well; and World Wide Licensing has the exclusive merchandising rights: It's official! World Wide Licensing and Merchandising Corporation has been appointed exclusive licensing agent for the "SKIPPY" property. The agreement was concluded between Bob Rosen, President of World Wide and Mrs. Joan Crosby Tibbetts, President of Skippy, Inc. and daughter of the late famous cartoonist and fine artist, Percy Crosby who created the "SKIPPY" character and friends.

In 1923, Percy Crosby presented "SKIPPY" in LIFE for the first time. The wistful little towheaded philosopher was an immediate sensation. The comic strip of his adventures was read by millions throughout the world and is being reprinted still. In addition to being known as "The Caroonist's Cartoonist", he had acquired fame for his fine art and sports drawings; which were exhibited in the United States and Europe's major museums and art galleries.

World Wide and Skippy, Inc. will join efforts in public relations, and the licensing of diversified products. Two of the largest users of "SKIPPY", are CPC/BEST FOODS Peanut Butter and Peanuts and NATIONAL PET FOODS, dog and cat food products.

The application was refused registration in part because the specimens did not evidence service mark use and this refusal was overcome based in part on applicant's representation that "[in] addition to use in connection with the comic strip, the mark and character are used in connection with the licensing of a wide variety of other goods including such items as pens and pencils, dolls, motion pictures and the like." (Response dated September 17, 1980.) The response was accompanied by substitute specimen letters on applicant's letterhead stationary and a declaration stating that they were "of a type which were in use prior to the filing date of the application." Only one of the additional specimens bears a date prior to the filing date of the application. This one is a page of a letter to "Mr. Pete Martin" noting that Martin Beverage Company no longer uses SKIPPY as a name for its soft drink and suggesting that it take a license from Skippy, Inc.

As the evidence clearly shows, applicant had not as of either filing date (March 9 and March 15, 1979) offered any services of advertising, promoting or merchandising the goods or services of others. All it had done as of that date was to try to license its cartoon portfolio but it had not been successful at such licensing attempts. The use of a mark in connection with advertising, promotion and preparatory services to be available in the future but not yet available cannot support registration. In re Port Authority of New York and New Jersey, ___ USPQ2d ___, Serial No. 406,220, slip op., 8 (TTAB, April 9, 1987); In re Sanger Telecasters, Inc. 1 USPQ2d 1589, 1590 (TTAB 1986). Moreover, there are disturbing indications in this file

which cast serious doubt about whether the only document in the file purporting to demonstrate use of the mark prior to the filing date was even in existence prior to either filing date.

The only issues which we have to decide are (i) whether the registration of SKIPPY and SKIPPY and Design for the service of "promoting the sale of goods and/or services of others by rendering assistance in devising advertising and merchandising programs" is likely to cause confusion, mistake or deception, as to the association, sponsorship or origin of such service with the owner or origin of the trademark SKIPPY for peanut butter; [FN9] and (ii) whether the applications to register SKIPPY and SKIPPY and Design for services which have never been offered or rendered and which are unsupported by the specimens were fraudulently filed and maintained.

> [1] Concerning the first issue, confusion is not only likely; it is inevitable. In the first place, the identification of services in respect of which registration is sought is broad enough to encompass rendering the services in connection with the merchandising of peanut butter. Potential clients of applicant's services in connection with peanut butter are bound to think the services have some connection with opposer's famous SKIPPY peanut butter brand. Indeed, if circulated, the promotional brochure of World Wide Licensing and

Merchandising Corporation, set forth, supra, strongly implying (last two sentences) that Skippy, Inc. and CPC International, *1460 Inc., were associated in Skippy, Inc.'s venture is bound to encourage this genre of confusion among prospective clients. Moreover, applicant's president frankly stated in her 1985 deposition that food companies, including peanut butter manufacturers, were among the potential clients for the services of Skippy, Inc. and that use of the mark SKIPPY on such products would be part of the licensing package it would offer them. [FN10] All of these prospective activities greatly enhance the likelihood that source confusion and deception will occur. The likelihood of confusion is further enhanced by the fact that opposer has licensed its peanut butter trademark for collateral products. Finally, Mrs. Tibbitts virtually conceded this issue to opposer by giving deposition testimony concerning an instance of actual confusion which occurred during her discussions with the Martin Beverage Company. The testimony follows:

BY MR. WEBNER

Q364 [On] January 16, 1979, it appears as though you wrote a letter to a Mr. Pete Martin of Martin Beverage Company. Are you familiar with that document? It

appears as though there is only one page of that document here.

A Yes.

Q365 That is all that appears to be in the [application] file. Are you familiar with this letter?

A Yes.

Q366 And you advised Mr. Martin that you are apparently engaged in licensing the Skippy character.

A Uh-huh.

Q367 It says here that Mr. Martin had dropped the Skippy name, so I gather that they had once made the Skippy beverage that you are talking about?

A Yes. That's an example of - I believe one of the reasons this was submitted as an exhibit is that our counsel, Mr. Cleary, was aware at the time and as amused as I was that Pete Martin of Martin Beverage admitted to me they took the name Skippy in 1939 to compete with Mission Orange. They discontinued the name in approximately 1973 or '74 because they were afraid that Percy Crosby's company was going to come and stop them, and I said, "What

> was the name of Percy Crosby's company?"
>
> He said, "You know, the peanut butter people, Skippy." What else could be a better example of actual confusion?

(Tibbitts 1983 deposition, 111-112.)

Although what Mr. Martin told Mrs. Tibbetts is obviously hearsay, any objection to its admissibility was obviously waived by Mrs. Tibbetts who both gave the testimony and, representing herself pro se at the deposition, did not object.

> [2] Concerning issue (ii), we do not believe the evidence before us provides a sufficient basis for determining that applicant's actions in connection with the filing of the applications were with fraudulent intent. On the other hand, there is no doubt whatsoever that the marks were not in use on the indicated services as of the filing dates of the applications and, in view of what we have said above, we also conclude that the specimens of record do not demonstrate any such use on or prior to the filing dates. Accordingly, both applications are void ab initio. Community of Roquefort v. Santo, 443 F.2d 1196, 170 USPQ 205 (CCPA 1981); Pan American Life Insurance Co. v.

Federated Mutual Insurance Co., 226 USPQ 914 (TTAB 1985).

DECISION: Both oppositions are sustained and both marks are refused registration.

FN1 Application Serial No. 206,445 filed March 7, 1979.

FN2 Application Serial No. 207,476 filed March 15, 1979.

FN3 The oppositions were consolidated by the Board on August 2, 1982, upon applicant's motion with opposer's consent.

FN4 Registration No. 504,940, issued Dec. 21, 1948, to Rosefield Packing Co., Ltd.; affidavit § 8 accepted, § 15 received; renewed; record title in CPC International Inc. A status and title copy of the pleaded registration was made of record in this case by means of an order therefor accompanying the opposition pursuant to the rule then in effect. Trademark Rule 37 CFR § 2.122(b) (1981). The rule has since been changed.

FN5 Supra, note 4.

FN6 The depositions were taken after the close of the period for discovery as counsel for opposer and (then) counsel

for applicant had agreed on September 13, 1985.

FN7 Mrs. Tibbetts read a prepared statement during the time allotted for applicant's argument at the oral hearing and left copies of the statement with the Board. However, the written statement cannot, obviously, serve as applicant's brief since to accept it as such would foreclose opposer's right to file a reply brief. See, Trademark Rule 37 CFR § 2.128(a)(1)(1986).

FN8 Mrs. Tibbetts appeared pro se for applicant. Although not represented by counsel at the oral argument, applicant had previously been represented by no less than five experienced trademark attorneys, all of whom withdrew from the case.

FN9 In that opposer owns a registration of SKIPPY for peanut butter and the validity of that registration has not been challenged by applicant in a counterclaim or petition for cancellation, priority is not an issue. King Candy Co. v. Eunice King's Kitchen, Inc. 496 F.2d 1400, 182 USPQ 108 (CCPA 1975). On the last day of the rebuttal testimony period, applicant had moved to amend its answer to incorporate a counterclaim for cancellation. However the motion was

denied as untimely. Although the petition was ordered to be processed separately from the opposition, applicant subsequently withdrew the petition.

FN10 BY MR. WEBNER

Q739 Have you sought out any food product companies to undertake your services...in your applications?

A Yes.

Q740 Can you say whom you have contacted?

A Absolutely not.

Q741 But you have contacted some.

A The food industry is - I've done enough inquiry about who CPC supplies and stuff like that. This is very privileged.

Q742 Have you contacted any peanut butter manufacturers other than CPC to see if they want to use Skippy?

A We are in the process of looking into that...

(Tibbetts, 1985 deposition, 190-1.)

P.T.O. T.T.A.B.

3 U.S.P.Q.2d 1456

END OF DOCUMENT

**SKIPPY, INC.**

**v.**

**CPC INTERNATIONAL, INC.**

District Court, E.D. Virginia, Alexandria Div.

No. 80-250-A

Decided: Nov. 24, 1980
[Entered: Nov. 24, 1980]

Lewis, Senior District Judge.

This suit for federal and common law trademark infringement and unfair competition was brought under the Federal Trademark Act of 1946, 15 U.S.C. § 1051, et seq., and the common law of Virginia.

The plaintiff charged the defendant with infringement of its registered "Skippy" trademark, and sought monetary damages and declaratory and injunctive relief.

The defendant denied infringement and asserted the affirmative defenses of: laches - estoppel - release - abandonment and incontestability; and counter-claimed for breach of contract and declaratory and injunctive relief.

In its answer to the counter-claim, the plaintiff alleged fraud on the part of the defendant in registering "Skippy" as its trademark for its peanut butter products.

The plaintiff's claim for monetary damages was stricken by Judge Bryan on the grounds of laches and estoppel, and the matter was set down for plenary hearing on the parties' respective claims for declaratory and injunctive relief.

The evidence received discloses that Percy L. Crosby, in March of 1923, created a comic strip based primarily upon the activities of a male child he named "Skippy." He used a white, slat fence as a background for messages written by "Skippy."

On September 8, 1925, Crosby obtained a federal trademark #202,913 for the mark "Skippy" for the title of cartoons depicting a humorous juvenile character.

This comic strip became quite popular and was syndicated to newspapers throughout the country.

"Skippy, Inc." was chartered in Delaware in 1932; Crosby transferred and assigned certain of his properties, reportedly including rights to "Skippy" to this corporation in return for stock (however, no transfer or assignment of his rights in the trademark "Skippy" was recorded in the United States Patent and Trademark Office). He served as President of the corporation until 1945.

Crosby wrote several novels and books about "Skippy," some of which were serialized in magazines and in the movies.

In 1931, General Mills, in promoting its breakfast cereal "Wheaties," sponsored a radio program entitled, "Skippy."

***591** "Skippy" dolls, pens and pencils were manufactured and produced by others under license from Skippy, Inc.

King Features' right to syndicate the "Skippy" comic strip terminated on December 8, 1945.

In 1945, the 1925 federal trademark expired.

In 1947, Skippy, Inc. retained the Al Dvorin Ad Agency to promote and license its "Skippy" property - the Agency worked on developing radio scripts, cartoon projects for the Saturday Evening Post, and so forth.

In 1949, George Borgfeldt and Co. assigned its registered trademark No. 296,463 for the use of the mark "Skippy" as applied to toy figures to Crosby.

In early 1949, Mr. Crosby was committed to the Kings Park Hospital on the grounds of incompetency - from 1949 to 1959, his wife handled the business of the corporation until her death in 1959. During this period, the corporation considered and investigated prospective purchasers of the "Skippy" comic strip, and explored the possibility of "Skippy" movies, radio and television programs.

In 1955, the corporation transferred the television and commercial rights to "Skippy" to a new subsidiary corporation (Skippy Enterprises, Inc.).

Upon the death of Mrs. Crosby, the affairs of Skippy, Inc. were under the direction of the Lafayette National Bank, as committee of Percy L. Crosby, and Rose L. Stein, executor of the estate of Mrs. Crosby, until Mr. Crosby's death in 1964.

After protracted litigation, the two estates were settled and the rights previously granted to Skippy Enterprises, Inc. were returned to Skippy, Inc. with majority control of Skippy, Inc. being vested in Percy Crosby's children.

Joan Crosby Tibbetts was elected President of Skippy, Inc. in 1968. During the period from 1968 to 1980, "Skippy" was republished in various and sundry magazines and cartoon books, and used in radio programs and movies - and a limited number of "Skippy" dolls, pens and pencils were sold and distributed.

In June of 1979, plaintiff entered into another agreement with King Features for the syndication and merchandising of the "Skippy" name and property. This agreement expired in June of 1980.

On June 29, 1978, the plaintiff filed for a United States trademark registration for the "Skippy" name, which was issued in January of 1980.

Two additional applications were filed for the registration of the "Skippy" name in conjunction with the character as a service mark for merchandising services. These applications are still pending.

The defendant CPC International's claim to the right to use the name "Skippy" for its peanut butter was acquired via other corporations from the Rosefield Packing Company.

Rosefield, upon the advice and recommendation of its trademark consultants, began to use the trademark "Skippy" on its peanut butter products in 1933 - the Rosefield Brothers applied for a federal trademark registration for the name "Skippy" for peanut butter in June of that year. In September of 1933, Skippy, Inc. filed a notice of opposition - although the records of the patent office have been destroyed, the patent office apparently sustained the opposition without a hearing on the merits.

Since this action on the part of the Trademark Examiner applied only to registrability, Rosefield was assured by its trademark attorneys of its right to continue the use of its "Skippy" trademark on its peanut butter product.

Rosefield continued to use the mark and its peanut butter business grew and prospered.

Skippy Peanut Butter was originally distributed in the western states; in 1944, Rosefield began distributing Skippy Peanut Butter in the east. Shortly

thereafter, Rosefield received a letter from Skippy, Inc.'s counsel in re Rosefield's use of the trademark "Skippy."

Although the record is unclear as to the discussions between the parties, no action was taken by either party and the lawyers for both parties considered the matter closed.

Some three years later, the Al Dvorin Agency advised Rosefield that it was negotiating with others regarding licensing of the "Skippy" trademark and wanted to enter into a similar agreement with Rosefield Packing Co. for its continued use of "Skippy." Rosefield's attorneys advised Dvorin that Rosefield Packing Co. owned the trademark "Skippy" for peanut butter - that it did not use the cartoon character; that any attempt to interfere with its rights would be met with legal action - nothing further was heard from Skippy, Inc. or its agents.

Rosefield filed an application for registration of "Skippy" for its peanut butter in 1947 under the provisions of the new federal trademark statute of 1946. The registrati *59 (No. 504,940) was granted in 1948 - no one opposed this application.

Between 1933 and 1944, Rosefield Packing Co. registered its trademark "Skippy" for peanut butter in each of the 48 states and in Hawaii.

In 1936, the mark was registered in Delaware, New York and Virginia, where Crosby lived, and Skippy, Inc. had its principal place of business - neither

Crosby nor Skippy, Inc. objected to any of these registrations.

As required under the Lanham Act, Rosefield filed an affidavit in 1954 stating that its "Skippy" trademark was in continuous use, that there had been no final decision adverse to its claim of ownership of the mark for its goods, and its right to register the same, and to keep the same on the register, and that there were no proceedings involving its rights pending and not finally disposed of.

Rosefield and its successors have spent more than one-hundred-five million dollars in advertising and marketing its Skippy Peanut Butter - its net sales exceeding one-and-a-half billion dollars.

Joan Crosby Tibbetts did not contact the defendant about its use of "Skippy" in connection with their peanut butter until sometime in early 1976. She sought their assistance in promoting the art work of her father, and briefly discussed the historical confusion about the rights of Skippy, Inc. She did not pursue the matter further with CPC until March of 1977.

In the interim, she visited the U.S. Patent and Trademark Office, where she learned about Skippy, Inc.'s opposition in 1933 to Rosefield Packing Co.'s attempt to register the mark for peanut butter.

In March of 1977, Mrs. Tibbetts expressed concern over the use of the "Skippy" mark by a pet

food manufacturer and sought CPC's legal assistance in protecting the "Skippy" name.

When she did not receive a prompt response, she threatened to either sue or go to the newspapers, or both - CPC's attorney got in touch with her shortly thereafter and numerous meetings followed.

She wanted $125,000.00 to resolve any and all differences they might have had. Although CPC contended that it had no liability for any infringement, it continued to discuss the matter with Mrs. Tibbetts - they reached a tentative agreement in the fall of 1977.

The agreement was reviewed by Skippy, Inc.'s attorney and was executed by Mrs. Tibbetts on behalf of Skippy, Inc. on December 13, 1977. CPC signed it on January 10, 1978.

The agreement released the defendant from any and all claims which Skippy, Inc. may have had against it relating to its use of the name "Skippy" - and granted the defendant a two-year option to use its "Skippy" cartoon character upon a negotiated royalty.

The plaintiff's claim for monetary damages has been stricken by Judge Bryan on the grounds of laches and estoppel.

Upon consideration of the evidence and authorities cited, the undersigned is of the opinion that the plaintiff's claim for injunctive relief should be denied on the grounds hereinafter mentioned.

The burden is on the plaintiff to prove its claim for injunctive relief by a preponderance of the evidence - it has failed to so do.

> [1] The Federal Trademark Act (15 U.S.C. § 1141(1)) defines infringement as the use in commerce of any reproduction copy, or colorable imitation of a registered mark in connection with the sale or advertising of any goods with which such use is likely to cause confusion, to cause mistake, or to deceive.
>
> [2] In order to prevail, the plaintiff must show that it was the prior user of a valid trademark - that the marks in question are either identical or in close resemblance - and that the nature of the respective products used by the plaintiff and defendant are not so unrelated as to preclude any confusion as to their source.
>
> [3] The plaintiff has only proven that it was the prior user of the name "Skippy" - that alone is not enough to cause confusion, mistake or to deceive.

Involved in all lists of factors to be considered is the nature of the goods, the channels of trade, the class of purchasers, the distinctiveness of the mark, the nature and extent of any actual confusion. See Arrow Distilleries v. Globe Brewing Co., 117 F.2d 347, 48

USPQ 157 (4th Cir. 1941); Communications Satellite Corp. v. Comcet, Inc., 429 F.2d 1245, 166 USPQ 353 (4th Cir. 1970).

> [4] The law of Virginia in establishing the test of confusion is not unlike and parallels that of the Federal Trademark Act. See Food Fair Stores, Inc. v. Lakeland Grocery Corp., 301 F.2d 156, 133 USPQ 127 (4th Cir. 1962). See, also, John Walker and Son, Ltd. v. Bethea, 305 F. Supp. 1302, 163 USPQ 365 (D.C.S.C. 1969).

***593** "Skippy" was used by Percy Crosby as the title of his cartoons depicting a humorous, juvenile character - in addition to the name and "Skippy's" quaint costume (an indescribable checkered hat; huge white collar, flowing tie and dragging socks), Crosby used other symbols - most often, the ever-present white, slat fence as a background for messages written by "Skippy," who would be shown in the comic strip carrying a bucket and brush.

The name "Skippy" was never used as a name for peanut butter until Rosefield, the predecessor of the defendant, adopted it as the name of its patented peanut butter in 1933.

Rosefield neither reproduced nor copied Crosby's "Skippy" - or used any of the symbols Crosby used in portraying "Skippy" in his comic strip, with the exception of the white, slat fence, as a background for the name "Skippy" in his 1933 trademark

application. He abandoned the white fence background shortly thereafter and has used the hand-printed name "Skippy" as the name of his peanut butter since that date - there is nothing on the "Skippy" peanut butter label indicating that the defendant's peanut butter is being manufactured or recommended by Crosby's juvenile comic strip character.

There is and was little likelihood of confusion from the use of the name alone - many different products marketed by different companies bear the same name; i.e., Cadillac automobiles, Cadillac dog food, Cadillac boots - Ford automobiles - Ford phonograph records - Vogue Magazine and Vogue tires, etc.

Although the plaintiff called two well-known, present-day cartoonists to support its contention that the name "Skippy" alone was so identified with the Crosby juvenile character as to cause confusion among the buying public, that evidence was far from convincing.

> [5] Further, although not conclusive, it is both probative and significant to note that the Trademark Examiner did not cite the existing CPC registration of "Skippy" for peanut butter against the plaintiff's 1978 application to register and/or re-register the name "Skippy" as its trademark for its cartoon comic strip as he should have done under the statute (15 U.S.C. § 1062(a)) if he believed the use of

> the name "Skippy" as a trademark on the respective products of the parties would be likely to cause confusion or to cause mistake, or to deceive.

Crosby's trademark expired and "Skippy" ceased to exist as a syndicated juvenile comic character in 1945.

Even though the plaintiff did little to protect or use its "skippy" trademark between 1945 and the registering or reregistering of the mark in 1980 - that is not enough to prove abandonment.

Skippy, Inc. has been aware of the use of the name "Skippy" by the Rosefield Packing Co. on its peanut butter and its successors in interest since 1933. It has taken no action to stop such use until the filing of this complaint, some 47 years later.

Both Judge Bryan in this suit, and the undersigned, in Potter Instrument Company v. Storage Technology Corp., Civil Action No. 79-579-A, 207 USPQ 763, have held that a law suit is barred by laches when the plaintiff has not exercised diligence in asserting its rights and when the defendant has been prejudiced by the delay.

> [6] In a trademark action such as this, simple laches coupled with conduct amounting to estoppel, acquiescence or abandonment, is sufficient to bar a claim for an injunction. See Ambrosia Chocolate Company v. Ambrosia Cake

Bakery, 165 F.2d 693, 76 USPQ 157 (4th Cir. 1947).

The defendant has spent millions to advertise and promote their "Skippy" peanut butter. To require them to adopt a new name for their peanut butter after 47 years of uninterrupted use would be grossly unfair.

As was said by Judge Learned Hand, in Landers, Frary & Clark v. Universal Cooler Corporation, 85 F.2d 46, 49, 30 USPQ 248, 251 (2d Cir. 1936):

> When for eight years one plans one's business on the assumption that one may use a mark, it is a grave dislocation of the business to stop this use; the whole organization must be recast and the market reeducated; nobody can estimate what the losses may be.

The plaintiff in this case not only failed to take any legal action to protect its claimed exclusive right to the use of the name "Skippy," for some 47 years, plaintiff released the defendant in December of 1977 from any and all claims which it may have had against the defendant relating to its use of the name "Skippy."

Their claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support.

The release was supported by a valuable consideration and was approved by Skippy. *594 Inc.'s attorneys before it was executed and delivered to the defendant.

Therefore, the plaintiff's prayer for permanent injunctive relief must be Denied, and

It Is So Ordered.

Plaintiff's prayer that this Court enter an order directing the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned or required by defendant, which include the name "Skippy," must likewise be Denied, and

It Is So Ordered.

The defendant's 1948 registration of its "Skippy" trademark for its peanut butter has been in continuous use for more than five years - the conditions set forth in 15 U.S.C. § 1065 have been complied with.

> [7] Once incontestability has been established, the registration is conclusive evidence of the registrant's exclusive right to use the mark - subject to challenge only on the grounds specified in 15 U.S.C. 1115(b). See Phillip Morris, Inc. v. Imperial Tobacco Co., 251 F. Supp. 362, 379, 148 USPQ 255, 266-267 (E.D. Va. 1965) and Armand's Subway, Inc. v. Doctor's Associations, Inc., 604 F.2d 849, 203 USPQ 241 (4th Cir. 1979).

The plaintiff's attack on the incontestability of the defendant's 1948 registration on the grounds of fraud in its procurement - fails for the want of sufficient evidentiary support.

The plaintiff tendered no evidence to support its claimed fraud except J. L. Rosefield's declaration in his 1948 application, wherein he stated:

> * * * that no other person, corporation or association, to the best of his knowledge and belief has the right to use such trademark in commerce * * * either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive * * * *

> [8] That's not enough - the plaintiff must prove that Rosefield knowingly made an inaccurate or misleading statement with the intent to deceive the Patent and Trademark Office, and that, but for the knowingly inaccurate and misleading statement, the Patent and Trademark Office would not have issued the registration or accepted the affidavit.

"Fraudulent intent cannot be inferred merely from an assertion of exclusive rights in a trademark." See SCOA Industries v. Kennedy & Cohen, Inc., 188 USPQ 411 (TTAB 1975).

Although Rosefield is now deceased, the evidence in this case clearly establishes that he believed

he had the exclusive right to use "Skippy" as the name of his peanut butter - he had used it for 15 years - and had registered it in all of the states.

The plaintiff had active and constructive notice of the defendant's belief that he had the right to use the mark "Skippy" on his peanut butter - and could have petitioned to cancel his 1948 registration at any time between that date and 1954.

It did nothing until 1980 when it filed this suit.

Although Rosefield's 1954 affidavit was not used in procuring the defendant's 1948 registration - it was given to establish the incontestability of the 1948 registration - the averment "there had been no final decree adverse to its claim of ownership or its right to register the same," was neither false nor fraudulent.

The plaintiff's claim that the Patent and Trademark Office's failure to grant the defendant's 1933 application was such a final decree was not supported by the authorities cited:

> All we know about Rosefield's 1933 application is:
>
> > All of the principals are dead;
> >
> > The Patent Office records have long since been destroyed;
> >
> > Skippy, Inc. filed an opposition;

There was no hearing;

The registration was not granted; and Rosefield, upon the advice of counsel, kept on using "Skippy" as the name of his peanut butter products.

[9] Successful oppositions to trademark registration applications are not res judicata in ex parte application proceedings.

Failure to grant, or denial of registration does not preclude the Commissioner of Patents and Trademarks from entertaining a subsequent application and registering the claimed mark.

It did so in this case - the Rosefield Packing Co. reapplied some 14 years later and the Commissioner of Patents and Trademarks granted the requested registration on December 21, 1948.

Skippy, Inc. did not file any opposition to this application.

Rosefield had every reason to believe in 1954 there had been no final decree adverse to his claim of ownership or his right to use the mark "Skippy" on his peanut butter products.

*595 He made no false or fraudulent statement in his 1954 application.

> [10] The plaintiff must prove by clear and convincing evidence that the defendant's 1948 registration or the incontestable right to use the mark was obtained fraudulently - it has failed to so do.

On the evidence presented, this Court finds there has been no final decision adverse to Rosefield's claim of ownership of the mark "Skippy" for its peanut butter products or its right to register the same.

Therefore, the Court hereby declares that the defendant's right to use the said mark has become incontestable under 15 U.S.C. § 1115(b), and the said registration shall be and hereby is conclusive evidence of the registrant's exclusive right to use the registered trademark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said § 1065.

The defendant's counter-claim for breach of contract and for injunctive relief must be Denied for want of sufficient proof, and

It Is So Ordered.

The contract between the parties does not contain any covenants not to sue and does not provide for the award of any counsel fees.

The plaintiff has done nothing to interfere with the claimed right of the defendant to use his registered trademark "Skippy" on its peanut butter products for some 47 years, except to file this suit - no evidence was

tendered indicating that the plaintiff intended to or would interfere with any of the defendant's rights to use its registered mark in the future.

The Clerk will send a copy of this Memorandum Opinion and Order to all counsel of record.

§1064. Cancellation of registration

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of dilution under section 43(c) [15 USC §1125(c)], by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905:

(1) Within five years from the date of the registration of the mark under this Act.

(2) Within five years from the date of publication under section 12(c) hereof [15 USC §1062(c)] of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905.

(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 4 [15 USC §1054] or of subsection (a), (b), or (c) of section 2 [15 USC §1052] for a registration under this Act, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel

the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

(4) At any time if the mark is registered under the Act of March 3, 1881, or the Act of February 20, 1905, and has not been published under the provisions of subsection (c) of section 12 of this Act [15 USC §1062].

(5) At any time in the case of a certification mark on the ground that the registrant (A) does not control, or is not able legitimately to exercise control over, the use of such mark, or (B) engages in the production or marketing of any goods or services to which the certification mark is applied, or (C) permits the use of the certification mark for purposes other than to certify, or (D) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies:

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in paragraphs (3) and (5) of this section any mark registered on the principal register established by this Act, and the prescribed fee shall not be required.

Nothing in paragraph (5) shall be deemed to prohibit the registrant from using its certification mark in advertising or promoting recognition of the certification program or of the goods or services meeting the certification standards of the registrant. Such uses of the certification mark shall not be grounds for cancellation under paragraph (5), so long as the registrant does not itself produce, manufacture, or sell any of the certified goods or services to which its identical certification mark is applied.

§ 1065 Incontestability of right to use mark under certain conditions [Section 15]

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 14 [§ 1064] of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided*, That-

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent and Trademark Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and

the other matters specified in paragraphs (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered. Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this Act shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 [§ 1062] of this Act.

The Director shall notify any registrant who filed the above-prescribed affidavit of the filing thereof.

15 U.S.C. § 1071

(b)(1)Whenever a person authorized by subsection (a) of this section to appeal to the Unites States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Director appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the Director to take any necessary action, upon compliance with the requirements of law. However, no final judgment shall be entered in favor of an applicant under section 1(b) [§ 1051(b)] before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c) [§ 1057(c)].

(2) The Director shall not be made a party to an inter parties proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Director, and, unless the court finds the expensed to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor or such party or not. In suits brought hereunder, the record in the Patent and Trademark Office shall be admitted on motion of any party, upon such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

(4) Where there is an adverse party, such suit may be instituted against the party in interest as shown by the records of the Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there be adverse parties residing in a plurality of districts not embraced within the same State, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs.

§ 1115 Registration on principal register as evidence of exclusive right to use mark; defenses [Section 33]

(a) Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.

(b) To the extent that the right to use the registered mark has become incontestable under section 15 [§ 1065], the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15 [§ 1065], or in the renewal application filed under the provisions of section 9 [§ 1059] if the goods or services specified in the renewal are fewer in number, subject to any conditions or

limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32 [§ 1114], and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to

section 7(c) [§ 1057(c)], (B) the registration of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 12 [§ 1062] of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 [§ 1062] of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence are applicable.

(July 5, 1946, ch. 540, title VI, § 33, 60 Stat. 438; Oct. 9, 1962, Pub. L. 87-772, § 18, 76 Stat. 774; Nov. 16, 1988, Pub. L. 100-667, § 128, 102 Stat. 3944-45; Oct. 30, 1998, Pub. L. 105-330, § 201, 112 Stat. 3070; Nov. 2, 2002, Pub. L. 107-273, § 13207, 116 Stat. 1906.)

15 U.S.C. § 1119
§ 1119 Power of court over registration [Section 37]

In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

15 U.S.C. § 1121(a)

§ 1121 Jurisdiction of Federal courts [Section 39]

(a) The district and territorial courts of the United States shall have original jurisdiction, [and] the courts of appeal of the United States (other than the United States Court of Appeals for the Federal Circuit)[and the United States Court of Appeals for the District of Columbia]* shall have appellate jurisdiction, of all actions arising under this Act without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered.

15 U.S.C. § 1123

§ 1123 Rules and regulations for conduct of proceedings in Patent and Trademark Office [Section 41]

The Director shall make rules and regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office under this Act.

## UNCODIFIED LANHAM ACT PROVISIONS

### § 46(a) Time of taking effect—Repeal of prior acts

This Act shall be in force and take effect one year from its enactment, but except as otherwise herein specifically provided shall not affect any suit, proceeding, or appeal then pending. All Acts and parts of Acts inconsistent herewith are hereby repealed effective one year from the enactment hereof, including the following Acts insofar as they are inconsistent herewith: The Act of Congress approved March 3, 1881, entitled "An Act to authorize the registration of trademarks and protect the same"; the Act approved August 5, 1882, entitled "An Act relating to the registration of trademarks"; the Act of February 20, 1905 (U.S.C., title 15, secs. 81 to 109, inclusive), entitled "An Act to authorize the registration of trademarks used in commerce with foreign nations or among the several States or with Indian tribes, and to protect the same", and the amendments thereto by the Acts of May 4, 1906 (U.S.C., titled 15, secs. 131 and 132; 34 Stat. 169), March 2, 1907 (34 Stat. 1251, 1252), February 18, 1909 (35 Stat. 627, 628), February 18, 1911 (36 Stat. 918), January 8, 1913 (37 Stat. 649), June 7, 1924 (43 Stat. 647), March 4, 1925 (43 Stat. 1268, 1269), April 11, 1930 (46 Stat. 155), June 10, 1938 (Public, Numbered 586, Seventy-fifth Congress, ch. 332, third session); the Act of March 19, 1920 (U.S.C., title 15, secs. 121 to 128, inclusive), entitled "an Act to give effect to certain provisions of the convention for the protection of trademarks and commercial names made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", and the

amendments thereto, including the Act of June 10, 1938 (Public, Numbered 586, Seventy-fifth Congress, ch. 332, third session); *Provided*, That this repeal shall not affect the validity of registrations granted or applied for under any of said Acts prior to the effective date of this Act, or rights or remedies thereunder except as provided in sections 8, 12, 14, 15, and 47 [§§1058, 1062, 1064, 1065, and 47 (§47 is uncodified; see below)] of this Act; but nothing contained in this Act shall be construed as limiting, restricting, modifying, or repealing any statute in force on the effective date of this Act which does not relate to trademarks, or as restricting or increasing the authority of any Federal departments or regulatory agency except as may be specifically provided in this Act.

Section 5 of the 1905 Trade-Mark Act, as amended through January 9, 1934 (codified in 1924 as 15 U.S. Code 85)

§5. Trade-marks which may be registered.—No mark by which the goods of the owner of the mark may be distinguished from other goods of the same class shall be refused registration as a trade-mark on account of the nature of such mark unless such mark—

(a) Consists of or comprises immoral or scandalous matter.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States or any simulation thereof, or of any State or municipality or of any foreign nation, or of any design or picture that has been or may hereafter be adopted by any fraternal society as its emblem, or of any name, distinguishing mark, character, emblem, colors, flag, or banner adopted by any institution, organization, club, or society which was incorporated in any State in the United States prior to the date of the adoption and use by the applicant: *Provided*, That said name, distinguishing mark, character, emblem, colors, flag, or banner was adopted and publicly used by said institution, organization, club, or society prior to the date of adoption and use by the applicant: *Provided*, That trade-marks which are identical with a registered or known trade-mark owned and in use by another and appropriated to merchandise of the same descriptive properties, or which so nearly resemble a registered or known trade-mark owned and in use by another and appropriated to merchandise of the same

descriptive properties as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers shall not be registered: *Provided*, That no mark which consists merely in the name of an individual, firm, corporation, or association not written, printed, impressed, or woven in some particular or distinctive manner, or in association with a portrait of the individual, or merely in words or devices which are descriptive of the goods with which they are used, or of the character or quality of such goods, or merely a geographical name or term, shall be registered under the terms of this subdivision of this chapter: *Provided further*, That no portrait of a living individual may be registered as a trade-mark except by the consent of such individual, evidenced by an instrument in writing, nor may the portrait of any deceased President of the United States be registered during the life of his widow, if any, except by the consent of the widow evidenced in such manner: *And provided further*, That nothing herein shall prevent the registration of any mark used by the applicant or his predecessors, or by those from whom title to the mark is derived, in commerce with foreign nations or among the several States or with Indian tribes which was in actual and exclusive use as a trade-mark of the applicant, or his predecessors from whom he derived title for ten years next preceding February 20, 1905: *Provided further*, That nothing herein shall prevent the registration of a trade-mark otherwise registrable because of its being the name of the applicant or a portion thereof. And if any person or corporation shall have so registered a mark upon the ground of said use for ten years preceding February 20, 1905, as to certain articles or classes of articles to which said mark shall

have been applied for said period, and shall have thereafter and subsequently extended his business so as to include other articles not manufactured by said applicant for ten years next preceding February 20, 1905, nothing herein shall prevent the registration of said trade-mark in the additional classes to which said new additional articles manufactured by said person or corporation shall apply, after said trade-mark has been used on said article in interstate or foreign commerce or with the Indian tribes for at least one year provided another person or corporation has not adopted and used previously to its adoption and use by the proposed registrant, and for more than one year such trade-mark or one so similar as to be likely to deceive in such additional class or classes.

Federal Rule of Civil Procedure 12(b)(6)

(b) How Presented. Every defense, in law or fact, to a claim for relief in any pleading, whether a claim, counter-claim, cross-claim, or third-party claim, shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion: (1) lack of jurisdiction over the subject matter, (2) lack of jurisdiction over the person, (3) improper venue, (4) insufficiency of process, (5) insufficiency of service of process, (6) failure to state a claim upon which relief can be granted, (7) failure to join a party under Rule 19. A motion making any of these defenses shall be made before pleading if a further pleading is permitted. No defense or objection is waived by being joined with one or more other defenses or objections in a responsive pleading or motion. If a pleading sets forth a claim for relief to which the adverse party is not required to serve a responsive pleading, the adverse party may assert at the trial any defense in law or fact to that claim for relief. If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state a claim upon which relief can be granted, matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

Federal Rule of Civil Procedure 60(b)

(b) Mistakes; Inadvertence; Excusable Neglect; Newly Discovered Evidence; Fraud, etc. On motion and upon such terms as are just, the court may relieve a party or a party's legal representative from a final judgment, order, or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect; (2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under Rule 59(b); (3) fraud (whether heretofore denominated intrinsic or extrinsic), misrepresentation, or their misconduct of an adverse party; (4) the judgment is void; (5) the judgment has been satisfied, released, or discharged, or a prior judgment upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment should have prospective application; or (6) any other reason justifying relief from the operation of the judgment. The motion shall be made within a reasonable time, and for reasons (1), (2), and (3) not more than one year after the judgment, order, or proceeding was entered or taken. A motion under this subdivision (b) does not affect the finality of a judgment or suspend its operation. This rule does not limit the power of a court to entertain an independent action to relieve a party from a judgment, order, or proceeding, or to grant relief to a defendant not actually personally notified as provided in Title 28, U.S.C., § 1655, or to set aside a judgment for fraud upon the court. Writs of coram nobis, coram vobis, audita querela, and bills of review and bills in the nature of a bill of review, are abolished, and the procedure for obtaining any relief from a judgment

shall be by motion as prescribed in these rules or by an independent action.

§ 2.106

(2)(i) A defense attacking the validity of any one or more of the registrations pleaded in the opposition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. If grounds for a counterclaim are known to the applicant when the answer to the opposition is filed, the counterclaim shall be pleaded with or as part of the answer. If grounds for a counterclaim are learned during the course of the opposition proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned. A counterclaim need not be filed if it is the subject of another proceeding between the same parties or anyone in privity therewith.

(ii) An attack on the validity of a registration pleaded by an opposer will not be heard unless a counterclaim or separate petition is filed to seek the cancellation of such registration.

(iii) The provisions of §§ 2.111 through 2.115, inclusive, shall be applicable to counterclaims. A time, not less than thirty days, will be designated within which an answer to the counterclaim must be filed.

(iv) The times for pleading, discovery, testimony, briefs or oral argument will be reset or extended when necessary, upon motion by a party, to enable a party fully to present or meet a counterclaim or separate petition for cancellation of a registration.

§ 2.114

(2)(i) A defense attacking the validity of any one or more of the registrations pleaded in the petition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer if filed. If grounds for a counterclaim are known to respondent when the answer to the petition is filed, the counterclaim shall be pleaded with or as part of the answer. If grounds for a counterclaim are learned during the course of the cancellation proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned. A counterclaim need not be filed if it is the subject of another proceeding between the same parties or anyone in privity therewith.

(ii) An attack on the validity of a registration pleaded by a petitioner for cancellation will not be heard unless a counterclaim or separate petition is filed to seek the cancellation of such registration.

(iii) The provisions of §§ 2.111 through 2.115, inclusive, shall be applicable to counterclaims. A time, not less than thirty days, will be designated within which an answer to the counterclaim must be filed.

(iv) The times for pleading, discovery, testimony, briefs, or oral argument will be reset or extended when necessary, upon motion by a party, to enable a party fully to present or meet a counterclaim or separate petition for cancellation of a registration.